GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:2024
ANSWERED ON:14.03.2017
Investment in Fertilizer Sector
Pal Shri Jagdambika

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a): whether the fertilizer sector has not been successful in attracting investment for the sector in recent past;

(b): if so, the reasons therefor;

(c): whether the Government has prepared any pricing policy for the sale of fertilizers; and

(d): if so, the details thereof?

Answer

MINISTER OF STATE FOR ROAD TRANSPORT & HIGHWAYS, SHIPPING AND CHEMICALS & FERTILIZERS

(SHRI MANSUKH L. MANDAVIYA)
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(a) & (b): The Government has notified New Investment Policy − 2012 on 2nd January, 2013 and its amendment on 7th October 2014 to facilitate fresh investment in urea sector and to make India self-sufficient in the urea sector.

At present, there are following proposals for setting up of Greenfield/Brownfield projects with the Department of Fertilizers:

Sl. No. Company Projects Ownership State
1 Indo-Gulf Fertilizers Limited -Jagdishpur Brownfield Expansion urea project at Jagdishpur. Private Uttar Pradesh
2 Chambal Fertilizers & Chemicals Limited- Gadepan Brownfield Ammonia-Urea units at Gadepan-Kota. Private Rajasthan
3 Matix Fertilizers & Chemicals Limited, Panagarh Greenfield/Brownfield Ammonia-Urea Fertilizers Complex at Panagarh. Private West Bengal
4 Rashtriya hemicals & Fertilizers Limited-Thal Brownfield Ammonia-Urea Expansion project at Thal. CPSU Maharashtra
5 Kanpur Fertilizers & Cement Limited Greenfield Project at Jabalpur Private Madhya Pradesh
6 Nagarjuna ertilizers & Chemicals Ltd. Brownfield Project at Kakinada, Andhra Pradesh. Private Andhra Pradesh

The country has very little reserves of fertilizer raw material and natural gas in the country. There is no known source of potash reserves in the country and for phosphate the country depends on imports for its 90% requirement. Natural gas in the country is scarce and the domestic gas allocated for fertilizer sector has been allocated exclusively for Urea. Production of ammonia required for producing P&K fertilizers through imported RLNG is very costly as compared to imported ammonia. Under the above conditions, indigenous production of P&K fertilizers is not always viable. Hence, P&K fertilizer industry except SSP industry is unable to attract investment.

However, a large number of SSP units have come up after NBS policy. The number of SSP units has increased from 73 in 2008-09 to 108 in 2016-17. The production of SSP has also increased from 25.34 LMT in 2008-09 to 43.38 LMT in 2015-16.

(c) & (d): The Maximum Retail Price (MRP) of urea is statutorily controlled by the Government and at present, it is Rs. 5360 per tonne (exclusive of the central excise duty, central sales tax, countervailing duty, the state tax and other local taxes wherever levied) w.e.f. 01st November, 2012. The difference between the delivered cost of urea at farm gate and MRP payable by the farmer is given as subsidy to the urea manufacturer/importer by the Government of India.

The Government is implementing Nutrient Based Subsidy Policy w.e.f. 1.4.2010 for Phosphatic and Potassic (P&K) Fertilizers. Under the policy, a fixed amount of subsidy, decided on annual basis, is provided on subsidised P&K fertilizers depending on their nutrient content and the fertilizer companies have been allowed to fix MRP at reasonable level.

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